

# **MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS COMMITTEE**

**December 11, 2007 at 1:00 p.m.**

**Room W135, House Building, State Capitol Complex**

Members Present: Sen. Lyle W. Hillyard, Co-Chair  
Rep. Ron Bigelow, Co-Chair  
Rep. Rebecca D. Lockhart, Vice Chair  
Sen. Curtis S. Bramble  
Sen. Gene Davis  
Sen. Mike Dmitrich  
Sen. Dan R. Eastman  
Sen. Brent H. Goodfellow  
Sen. Patricia W. Jones  
Sen. Sheldon L. Killpack  
Sen. John L. Valentine, President  
Rep. Brad L. Dee  
Rep. Greg J. Curtis, Speaker  
Rep. David Clark  
Rep. Brad King  
Rep. David Litvak  
Rep. Carol Spackman Moss  
Rep. Phil Riesen  
Rep. Gordon E. Snow

Members Excused: Sen. Peter C. Knudson, Vice Chair

Staff Present: Jonathan Ball, Director, LFA  
Steven Allred, Deputy Director, LFA  
Greta Rodebush, Secretary

Speakers Present: Tenielle Young, Governor's Office of Planning and Budget  
Andrea Wilko, LFA  
Jonathan Ball, LFA  
Rep. Sheryl L. Allen  
Sen. Scott K. Jenkins  
Rep. Kevin S. Garn  
Sen. Jon J. Greiner  
Rep. Michael T. Morley  
Sen. Michael G. Waddoups  
Sen. Allen M. Christensen  
Rep. Merlynn T. Newbold  
Sen. Gregory S. Bell  
Rep. Kory M. Holdaway  
Sen. Dennis E. Stowell  
Rep. Ben C. Ferry  
Sen. Howard Stephenson

Rep. Bradley G. Last  
Sen. Carlene Walker  
Ben Leishman, LFA  
Dee Larsen, LRGC

A list of visitors and a copy of handouts are filed with the committee minutes.

**1. Call to Order - Approval of Minutes**

Committee Co-Chair Bigelow called the meeting to order at 1:35 p.m. He welcomed Sen. Brent Goodfellow who has been appointed to take the place of the late Sen. Ed Mayne.

**MOTION:** Co-Chair Hillyard moved to approve the minutes of November 13, 2007. The motion passed unanimously with President Valentine absent for the vote.

**2. Federal Funds Report**

Tenielle Young, Governor's Office of Planning and Budget, presented the Federal Funds Report for the period November 1, 2007 through November 30, 2007. She indicated that there were no new grants or reapplications of existing grants requiring legislative action. She mentioned that there were two new grants approved by the Governor's Office and no reapplications of existing grants.

**3. December Revenue Estimates**

Jonathan Ball, Director, LFA, presented the green sheet titled "Revenue Estimates - December 2007" (Tab 3) that included the revised revenue estimates for FY 2008 and the new estimates for FY 2009. He was assisted by Dr. Andrea Wilko, Chief Economist, LFA.

Mr. Ball stated that the difference between February's original estimates and December's revised FY 2008 estimates is \$291,562,000. Growth from the December FY 2008 estimates to December FY 2009 estimates is \$139,300,000. Mr. Ball also noted that the FY 2007 Surplus (one-time) in the amount of \$241,754,000 is available for use.

Sen. Hillyard inquired about the \$20 million growth in the Transportation Fund in FY 2008 and the additional anticipated growth of \$10 million in FY 2009. Dr. Wilko explained that the Transportation Fund is made up of motor fuels, special fuels, and registrations. A lot of the growth is in special fuels and in motor vehicle registrations, with slight growth in motor fuels. Dr. Wilko attributed this to the population growing more than anticipated.

**MOTION:** Co-Chair Hillyard moved to adopt the revenue estimates for FY 2008 revised and FY 2009 as indicated on page 1 of the green sheet titled "Revenue Estimates - December 2007" and dated today, December 11, 2007. The motion passed unanimously with President Valentine absent for the vote.

**MOTION:** Co-Chair Hillyard moved to authorize the use of the one-time revenue sources indicated on page 2 of the green sheet titled "Revenue Estimates - December 2007" and dated today, December 11, 2007. The motion passed unanimously with President Valentine absent for the vote.

#### **4. Subcommittee Allocations & EAC Set-Asides**

Mr. Ball, LFA, presented the red sheet titled "Subcommittee Base Budget Allocations - December 2007" (Tab 4) that included the one-time and on-going General and Education Fund Base Budget Allocations for FY 2008 and FY 2009.

**MOTION:** Co-Chair Hillyard moved to allocate to Appropriations Subcommittees for FY 2008 the one-time General and Education Fund amounts listed on page 1 of the red sheet titled "Subcommittee Base Budget Allocations - December 2007" and dated today, December 11, 2007.

**MOTION:** Co-Chair Hillyard moved to allocate to Appropriations Subcommittees for FY 2009 the ongoing General Fund and Education Fund amounts listed on page 2 of the red sheet titled "Subcommittee Base Budget Allocations - December 2007" and dated today, December 11, 2007.

**MOTION:** Co-Chair Hillyard moved, under Joint Rule 3-2-402(2)(a)(ii), to set aside \$40 million from the General Fund and \$76 million from the Education Fund as a special allocation for the end of the session.

Rep. King asked if the intent in setting aside \$40 million from the General Fund and \$76 million from the Education Fund was to not over commit funds should there be a down turn in the economy. Sen. Hillyard confirmed that this was the intent. Rep. King commented that this was a prudent action to take. Rep. Bigelow stated that "downturn" may be misleading because Utah's economy is very strong. The set aside takes into account the possibility that the economy may not grow as fast as is estimated.

Mr. Ball pointed out that the estimated growth in revenue for FY 2009 is \$139 million, which is more than the \$116 million proposed set aside.

A vote was taken on the three motions. The motion passed unanimously with President Valentine absent for the vote.

## **5. Base Budget Bills**

Mr. Ball, LFA, presented the gold sheet titled "What is in the Base Budget Bills?" (Tab 5) that lists the various items in the State Agency and Higher Education Base Budget Appropriations Bill and the Minimum School Program Base Budget Amendments Bill.

He explained that the Minimum School Program Base Budget Amendments Bill will include an Educator Salary Correction to account for the underestimation by the State Office of Education on the number of teachers requiring an appropriation for a \$2500 salary increase. The bill will include a FY 2008 one-time appropriation of \$19,905,000 to fully fund the salary increase; a FY 2008 one-time appropriation of \$2,442,000 to fully fund the \$1000 per Educator Bonus; and an on-going appropriation of \$19,905,000 to fully fund the \$2500 salary increase for years to come.

Sen. Bramble asked how much new money in total is going to be appropriated for public education as a base budget plus a few minor immaterial additions. Mr. Ball responded that there will be a \$76,355,100 appropriation, and that this represents new money.

Sen. Bramble stated that he wanted to make sure the education community and the public recognized that these additional appropriations are new money.

Co-Chair Bigelow pointed out that the adjustments for the salary increase are a high priority.

Rep. King asked about the Public Education Enrollment Growth.

Rep. Jones asked about the Charter School - Local Replacement Costs under "Below-the-Line" Program Growth, in the Minimum School Program Base Budget Amendments Bill. Ben Leishman, LFA, explained that these costs represent a statutory amount that produces \$1184 per student in local replacement to replace funds they do not get in local property tax revenues. The amount in the base budget bill provides that \$1184 to the new growth students in the charter schools. Mr. Ball pointed out that there was a \$3 million Prefunded Charter Schools Offset in last year's Base Budget that has a net increase on the Charter School - Local Replacement Costs for this year. That amount is \$5,040,000.

Sen. Hillyard commented that today's approval of the Base Budget does not mean that programs within the Base Budgets are safe and secure. He directed the Co-Chairs of each of the Appropriations Subcommittees to look very carefully at their budgets and determine if a reallocation is appropriate.

Co-Chair Bigelow entertained a motion from Co-Chair Hillyard.

**MOTION:** Co-Chair Hillyard moved to authorize legislative staff to prepare and number "State Agency and Higher Education Base Budget Appropriations" and

"Minimum School Program Base Budget Amendments" as Executive Appropriations Committee bills to be introduced on the first day of the 2008 General Session. Staff shall include in these bills "What is in the Base Budget Bills?" and dated December 11, 2007. In consultation with the Co-Chairs of the Executive Appropriations Committee, the Legislative Fiscal Analyst may make any technical and non-substantive changes necessary.

The motion passed unanimously with President Valentine absent for the vote.

#### **6. December Spending Limit Estimates**

Mr. Ball, LFA, presented the blue sheet titled "FY 2008 - FY 2009 Appropriations Limit Estimate - December 2007" (Tab 6). He explained that these estimates will be revised once the final figures on growth in population and inflation are received from the U.S. Department of Commerce in January. Using estimates of 2.5% in inflation and population growth, Mr. Ball stated that there will be \$35,363,968 in "Cap Gap" (monies available to spend under the appropriations limitation) in FY 2008, and \$246,453,106 in FY 2009.

**MOTION:** Co-Chair Hillyard moved to adopt the appropriations limit estimates as indicated on the blue sheet titled "FY 2008 - FY 2009 Appropriations Limit Estimate - December 2007" and dated today, December 11, 2007. The motion passed unanimously with President Valentine absent for the vote.

#### **7. Appropriations Subcommittee Reports**

Mr. Ball, LFA, commented on two additional reports prepared by staff: (1) "Memorandum for Executive Appropriations Committee Members, dated December 4, 2007 - Building Block Follow-up Report," and (2) "Significant Factors Driving Agency Budget Requests FY 2008-2009" (Tab 7).

Co-Chair Bigelow invited the Co-Chairs of the Appropriations Subcommittees to report briefly on the following items: (1) subcommittee interim meetings, initiatives, and recommendations; (2) status of agency building blocks appropriated during the 2007 and 2006 General Sessions; (3) performance metrics; and (4) significant factors driving new budget requests.

*Rep. Sheryl Allen, Co-Chair, presented a report from the Economic Development and Revenue Appropriations Subcommittee.*

*Sen. Scott K. Jenkins and Rep. Kevin S. Garn, Co-Chairs, presented a report from the Capital Facilities and Government Operations Appropriations Subcommittee.*

*Sen. Jon J. Greiner and Rep. Michael T. Morley, Co-Chairs, presented a report from the Commerce and Workforce Services Appropriations Subcommittee.*

*Sen. Michael G. Waddoups, Co-Chair, presented a report from the Executive Offices and Criminal Justice Appropriations Subcommittee.*

*Sen. Allen M. Christensen and Rep. Merlynn T. Newbold, Co-Chairs, presented a report from Health and Human Services Appropriations Subcommittee.*

*Sen. Gregory S. Bell and Rep. Kory M. Holdaway, Co-Chairs, presented a report from the Higher Education Appropriations Subcommittee.*

*Sen. Dennis Stowell and Rep. Ben Ferry, Co-Chairs, presented a report from the Natural Resources Appropriations Subcommittee.*

*Sen. Howard Stephenson and Rep. Bradley G. Last, Co-Chairs, presented a report from the Public Education Appropriations Subcommittee.*

*Sen. Carlene Walker, Co-Chair, presented the report from the Transportation, Environmental Quality, and National Guard Appropriations Subcommittee.*

#### **8. H.B. 1003 - Equalization Task Force Report**

Ben Leishman, LFA, Commented on the "Equalization Task Force Summary" dated December 11, 2007. Mr. Leishman reported that the Task Force met six times to review and make recommendations on proposals to equalize school district capital funding on a statewide basis. Eight proposals were heard, many of which were developed into draft legislation. The Equalization Task Force recommends the following two bills to the Legislature:

- "New School District Amendments" - extends the time frame within which a new school district may begin to provide educational services. Specifically, a new school district may not begin to provide educational services until a bill has been approved by the Legislature and signed by the Governor that allocates at least \$28 million in increased ongoing funding for statewide capital equalization and a prioritization process for capital projects.
- "Equalization of School Capital Outlay Funding" - this bill proposes an increase of \$28 million in Uniform School Funds to the Capital Outlay Foundation Program and changes the threshold rate applied to a school district's combined property tax levies dedicated for capital outlay purposes.

#### **9. Charter School Funding**

Dee Larsen, LRGC, explained that the proposed legislation addresses charter school replacement funds. He pointed out that in 2003, the State appropriated \$2.4 million to make up the difference in local school district replacement monies. With the growth in charter schools, that appropriation has grown to \$45 million in 2007.

- "Charter School Funding Amendments" - this bill modifies funding for charter schools by requiring a school district to provide an allocation of property tax revenues for each resident student attending a charter school. Some of the provisions of this bill include:
  - ▶ annually increases the combined maximum student capacity of charter schools by 5,000 students;
  - ▶ requires a school district, beginning in fiscal year 2009-10, to provide an allocation equal to the school district's per pupil local revenues for each resident student who attends a charter school; and in fiscal year 2008-09, to provide a 50% allocation.
  - ▶ specifies how the school district's per pupil local revenues are calculated;
  - ▶ requires the State Board of Education to deduct from a school district's state funds an amount equal to the allocation of per pupil local revenues, and to remit the money to the student's charter school;
  - ▶ directs the Legislature to provide an appropriation for charter schools annually to replace property tax revenues for debt service that are not available to charter schools, and in fiscal year 2008-09, to supplement revenues received from school districts.

#### **10. Year-Round Math and Science Education**

Dee Larsen, LRGC, presented the proposed legislation:

- "Utah Science Technology and Research Initiative Centers" - this bill provides an \$11 million ongoing appropriation from the Uniform School Fund for fiscal year 2008-09 to the State Board of Education for the USTAR Centers Program. The Program provides optional grants to charter schools and school districts for full year or part time teacher contracts for math and science teachers. It also requires the State Board of Education to solicit grant proposals from chart schools and school districts, and awards grants on a competitive basis.

#### **11. Other Business (Agenda Item #12)**

Co-Chair Bigelow informed the committee that the Department of Public Safety had submitted a required report - "State of Utah Department of Public Safety 9-1-1 Committee, November 30, 2007" (Tab 12). He encouraged committee members to review the report and stated that if there were any questions, they could be addressed in the next meeting.

**12. Utah College of Applied Technology Budget Processes (Agenda Item # 11)**

Dee Larsen, LRGC, explained the proposed legislation:

- "Utah College of Applied Technology Governance and Operations" - this bill makes changes in the following areas:
  - ▶ codifies a process in which the UCAT Board of Trustees submits its budget, capital facilities, and land purchase requests to the State Board of Regents for review and discussion, but will go to the Legislature for prioritization and appropriation;
  - ▶ requires the UCAT Board of Trustees and the Senate Building Board to prepare written findings regarding the availability of facilities for instruction before funding requests are made for new facilities;
  - ▶ requires the UCAT Board of Trustees and the Division of Facilities Management Construction (DFCM) to conduct a space utilization study on the UCAT college campuses and report to the Higher Education Appropriation Subcommittee by September 1, 2008
  - ▶ directs the UCAT Board of Trustees to appoint each of the UCAT college campus presidents and establish salary and compensation ranges for those presidents;
  - ▶ requires the Utah Board of Regents and the UCAT Board of Trustees to promote technology education partnerships leading to career pathways and associate degrees.

Co-Chair Bigelow entertained a motion from Co-Chair Hillyard.

**MOTION:** Co-Chair Hillyard moved to adjourn. The motion passed unanimously with Sen. Eastman and Speaker Curtis absent for the vote.

Co-Chair Bigelow adjourned the meeting at 4:47 p.m.